A More Effective CIO-CFO Partnership

Reinventing Finance Transformation

Table of Contents

Executive Summary

Workday and Deloitte's latest joint research has found that most CIOs (70%) say that the COVID-19 pandemic has accelerated their finance transformation strategies by at least a year. And as businesses adapt and evolve their strategies, increasingly complex demands are being placed on CIOs to upgrade enterprise technology without disrupting critical business operations.

CIOs who align with company goals and build durable, effective partnerships will be well positioned to meet these new requirements, says Craig Richardville, chief information officer and digital officer at SCL Health, adding, "The most important thing is that our firm is collaborative, not siloed."

This report, which is based on a survey of 603 executives worldwide, finds that those who we refer to as "Progressive CIOs" for the purpose of this study behave differently than their peers in areas such as mindset, collaboration, and technology strategy. Progressive CIOs focus on transformative business issues and not just technology upgrades.

Key Learnings

Partnerships fuel change.

Progressive CIOs put a strong emphasis on the human elements of technology and business transformation. They work collaboratively, particularly with CFOs and other C-suite colleagues, and they take care to keep these key stakeholders informed, motivated, and on board with the process.

Technology strategy is powered by data and aligned with the enterprise.

Progressive CIOs unlock the decision-making power of data, understand the future needs of other business leaders, and implement the right steps to deliver the technology that will meet those needs.

An agile, incremental approach to technology transformation underpins success.

Progressive CIOs recognize that modernization cannot happen at the expense of business as usual. When it comes to finance transformation, they see the deployment of an end-to-end cloud strategy as the most viable route to enterprise resource planning (ERP) modernization, but they understand that an iterative approach will be required to get there.
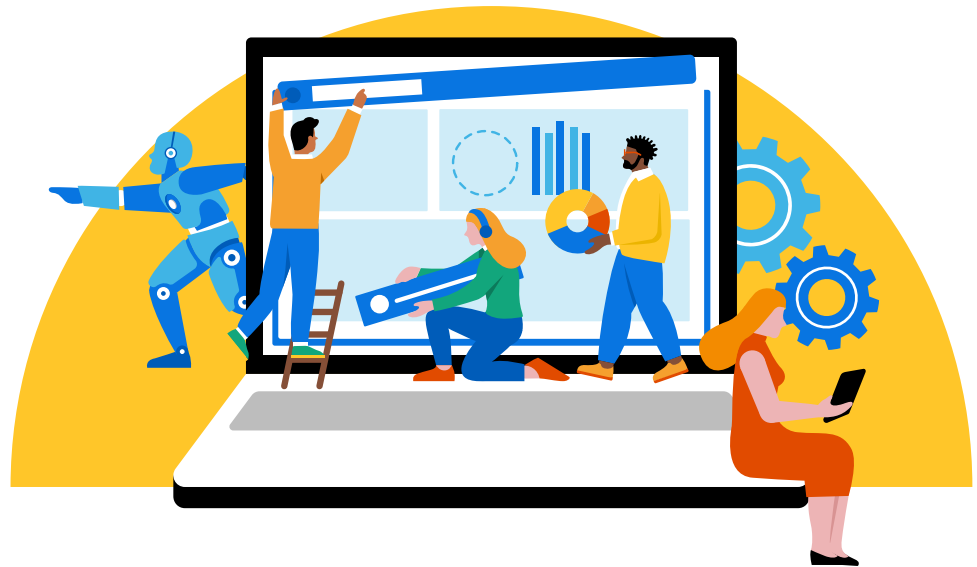
Introduction

The CIO Challenge: Adapt and Expand

The CIO role is changing. In the past, CIOs may have focused primarily on IT and data security. Today, many CIOs say their role is evolving to become more strategic. Almost half (49%) believe they need to spend less time on purely IT matters and instead want to push the IT function toward becoming a strategic enabler across the business.

Digital transformation is the larger initiative, but CIOs are now tied to change management, customer demands, operational excellence, and compliance through these processes. And 60% agree that "our business leaders are too focused on short-term costs of system modernization to see the long-term value of digital transformation." A significant majority of respondents see their role not just as providers of technology and data functions, but as educators who must enable and motivate the business as a whole, while unlocking the vital resource of data-driven insight to enable quality decision-making.

CIOs and the IT function must still cover the basics and plug data gaps, providing reliable, accurate data to all stakeholders who need it and ensuring that all sensitive and mission-critical data remains secure. But other demands that require greater insight and faster time to action have moved up the agenda in recent months, requiring increased agility.

This change of pace is reflected in the pain points that CIOs say are driving a need for technology transformation: 45% say they need to innovate more quickly, and 43% are under pressure to create greater enterprise agility.

CIOs are under pressure to deliver faster innovation, greater flexibility, and more business insight.

Organizations need to:

Innovate more quickly	45%
Attain greater enterprise agility and flexibility	43%
Improve decision-making with reliable data	41%
Support new workforce models	40%
Improve system reliability	36%
Reduce financial systems complexity	33%
Support new regulatory requirements	32%
Reduce operational risk	30%

Q. What are the biggest pressure points driving your organization's need for technology modernization?

A balanced change.

Our findings show that CIOs will need to rethink outdated mindsets, resolve internal tensions, and strike a balance between maintaining critical business operations and modernizing the systems on which the business relies. The Progressive CIOs identified in this research—8% of the total sample—have advanced further in innovating and adapting. They see their role becoming more strategic and they recognize the need for agile, incremental technology transformations. Progressive CIOs also say that their firms have the data capabilities to perform key tasks well. This group provides key learnings to other aspirational CIOs, no matter where they may be in their technology transformation journeys.

Progressive CIOs: Delivering Finance Transformation Effectively

The picture that emerges from our survey is of a group of CIOs who achieve results by emphasizing enterprise strategy, collaboration, and new ways of working.

However, these qualities are not innate and can be acquired by most, if not all, business and IT leaders. Progressive CIOs are effective as much because of their mindset and where they place their focus, as because of any technical skills they may possess.

On mindset, Progressive CIOs see strategic partnerships with the CFO and other stakeholders as key to succeeding in the role. They are particularly collaborative (60% describe themselves in this way, compared with 44% of respondents overall) and they try to ensure that their priorities are both strategically aligned with those of the wider business and well understood by all key stakeholders.

Progressive CIOs also take risks, are more detail-oriented, and are more likely than the average IT leader to identify strategic tasks as the areas where they would like more responsibility. For example, 56% of Progressive CIOs say they would like to do "significantly more" when it comes to educating the organization, working with other departments on digital innovation projects (48% of Progressive CIOs compared with 25% of respondents overall), and data governance (46% compared with 24%).
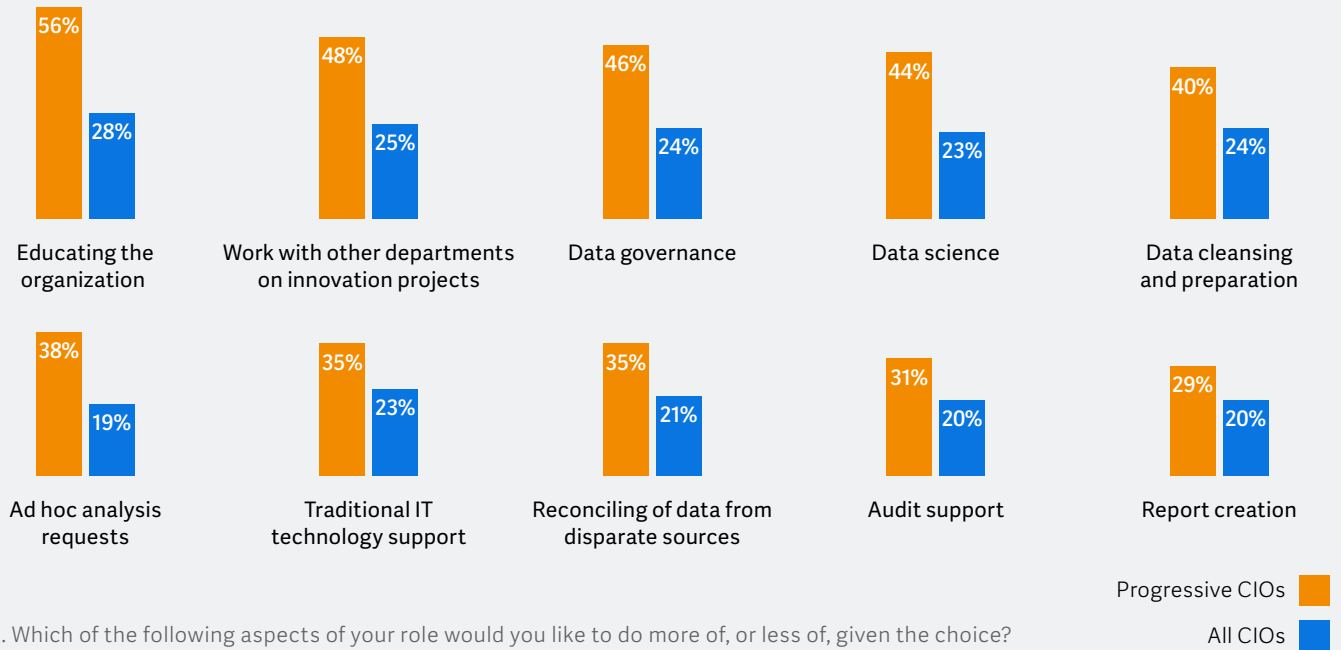
What makes a Progressive CIO?

We identified a subset of survey respondents who met the following criteria:

- Strongly agree that "my role/department is more strategic to the business than it was last year."

- Strongly agree that "agile, incremental technology transformation will be critical to the success of my firm's post-COVID recovery phase."

- Say that their firms have the data capabilities to perform all of the following tasks either competently or well:

  – Deliver short-term forecasts

  – Model changes in demand

  – Provide reliable and accurate data to stakeholders

  – Implement new technology strategies

  – Secure sensitive and mission-critical data

  – Enable self-service access to business users

  – Identify risk

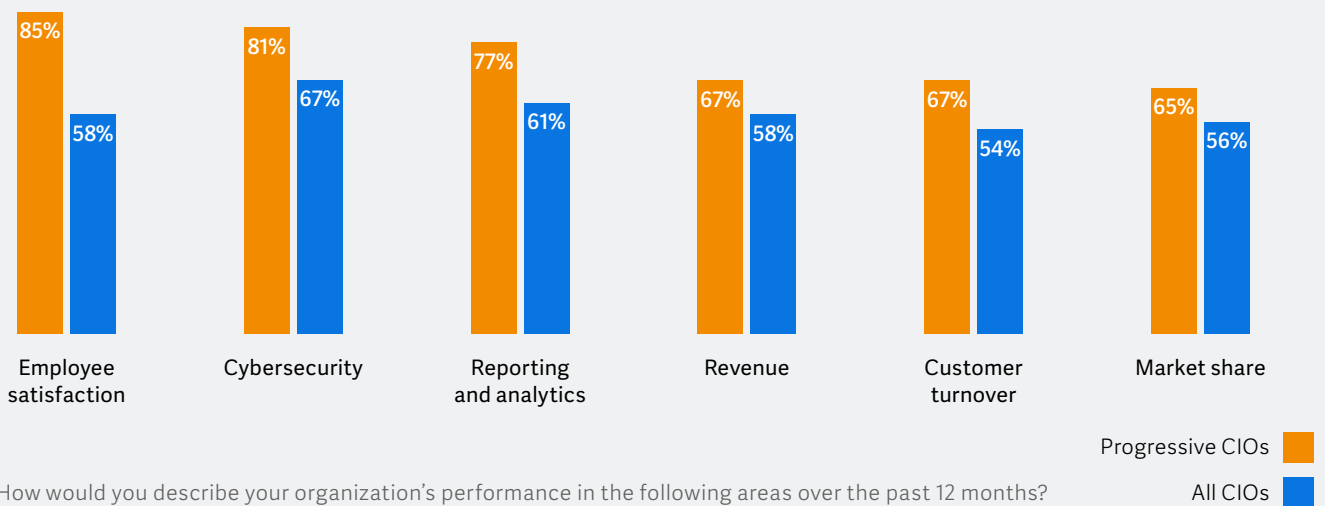## Progressive CIOs have a more defined, strategic business remit.

CIOs would like to do significantly more:

Educating the organization
56% — 28%

Work with other departments on innovation projects
48% — 25%

Data governance
46% — 24%

Data science
44% — 23%

Data cleansing and preparation
40% — 24%

Ad hoc analysis requests
38% — 19%

Traditional IT technology support
35% — 23%

Reconciling of data from disparate sources
35% — 21%

Audit support
31% — 20%

Report creation
29% — 20%

Progressive CIOs ■ (orange)
All CIOs ■ (blue)

Q. Which of the following aspects of your role would you like to do more of, or less of, given the choice?

Crucially, these approaches are effective. Progressive CIOs report increased performance across a number of key areas—particularly employee satisfaction and cybersecurity performance.

Firms with Progressive CIOs outperform the average on a range of business metrics.

Performance increased or significantly increased:

Employee satisfaction
85% — 58%

Cybersecurity
81% — 67%

Reporting and analytics
77% — 61%

Revenue
67% — 58%

Customer turnover
67% — 54%

Market share
65% — 56%

Progressive CIOs ■ (orange)
All CIOs ■ (blue)

Q. How would you describe your organization's performance in the following areas over the past 12 months?

Progressive CIOs Do Key Things Differently

Our research indicates that Progressive CIOs are effective because they bring a different attitude to the role and do certain things differently.

1. Partners in leadership: unified strategic thinking.

Progressive CIOs align their priorities with those of the business and think strategically about future needs. "When I talk about technology strategy," says Jerzy Janeczko, senior vice president and CIO of biopharmaceutical group Ipsen, "it's really business strategy. I don't distinguish between IT strategy and the wider priorities of the firm."
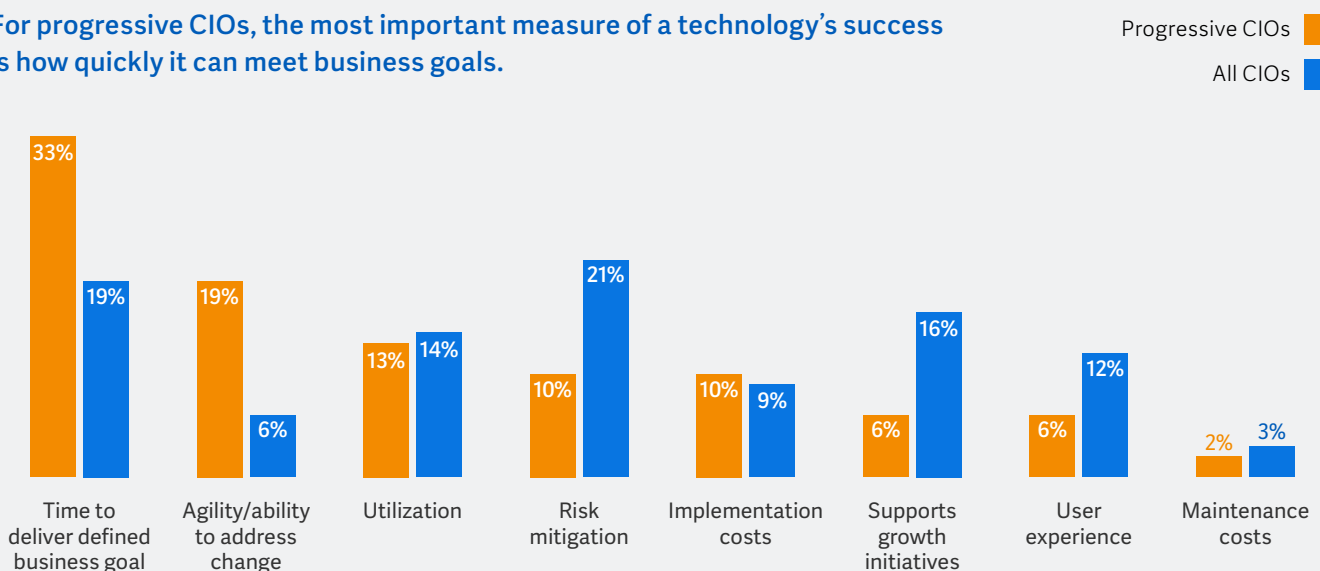
The picture that emerges from the survey is that the better integrated an IT function is with the business, the better placed it is to understand the needs of the enterprise and act accordingly. For example, 90% of Progressive CIOs say that their IT department is much more integrated into other areas of the business than it was 12 months ago, compared with 72% of the wider sample.

Progressive CIOs also emphasize the importance of strategic flexibility. Asked to name the most important metric by which they measure the success of new technologies, more stated "agility and ability to address change" than in the wider sample (19% of Progressive CIOs compared with 6% of respondents overall) and emphasized "time to deliver a defined business goal" (33% compared with 19% of respondents overall).

90%

of Progressive CIOs say that their IT department is much more integrated into other areas of the business than it was 12 months ago.

For progressive CIOs, the most important measure of a technology's success is how quickly it can meet business goals.

Legend: ■ Progressive CIOs (orange)   ■ All CIOs (blue)

Metric	Progressive CIOs	All CIOs
Time to deliver defined business goal	33%	19%
Agility/ability to address change	19%	6%
Utilization	13%	14%
Risk mitigation	10%	21%
Implementation costs	10%	9%
Supports growth initiatives	6%	16%
User experience	6%	12%
Maintenance costs	2%	3%

Q. What are the most important metrics you use to measure the success of new technologies?

2. Building effective data use is crucial.

At present, a significant minority of firms are willing to talk about the gaps in their data capabilities. Nearly 1 in 4 firms (23%) makes significant errors when identifying risks, for example. Fiorella Stingo, CFO of Airbus Italia SPA, is acutely aware of the need for effective data analysis. "We have a lot of information and a lot of granularity in the data we collect, but we haven't got a fixed idea of how to use it," Stingo says. "I know we can get to a higher level of reporting or analysis with the information we have."

Data void: More than one-fifth of firms fail to perform important tasks without significant error.

Task	Percentage
Identify risk	23%
Model changes in demand	22%
Secure sensitive and mission-critical data	22%
Enable self-service access to business users	22%
Deliver short-term forecasts	21%
Provide reliable and accurate data to stakeholders	21%
Implement new technology strategies	20%

Q. Thinking about your organization's data capabilities, how would you describe its ability to perform the following tasks?
(We consistently fail to perform this task/We perform this task, but significant errors are made)

Given this gap, it is perhaps unsurprising that 41% of respondents say that the need to improve decision-making by enabling secure, timely access to reliable data is the biggest driver of technology modernization within their organizations. "I would sum up my priorities in three words: data, data, data," says Ipsen's Janeczko, "whether that's buying data externally or creating intelligence from internal data. Extracting value from our data assets is where we're going to be focusing."

Progressive CIOs prioritize data aggregation and data management: 92% of this group say that aggregating enterprise finance data into a single source of truth is their top priority, compared with only 72% of the wider sample. Gerard Florian, CIO of ANZ Bank, articulates the value of this approach: "Different parts of the business had different systems, so they were talking at cross-purposes, generating different spreadsheets, and arguing about which data was right. We're now able to work with a common fact base and collectively see what the cost drivers really are."

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Gerard Florian
CIO, ANZ Bank

Progressive CIOs also work on providing dashboards for user-friendly display and comprehension of data, nudging their organizations in the direction of a data-driven decision-making culture.

At global products and services company Mars Inc., Corporate CIO Mario Maffie says the focus is on a unifying enterprise data strategy. "Different parts of our business are on different ERPs with different data models," Maffie says. "This creates challenges trying to operate processes or produce valuable insights in a consistent and scalable way across our business. I'm very focused on trying to bring data together across systems in a common way while the business continues to change rapidly."

Progressive CIOs also focus on data integrity. After all, a data-driven culture is only possible if everyone trusts the data. In late 2020, the UK government made headlines for miscounting COVID-19 cases by nearly 16,000. The cause turned out to be a spreadsheet that had reached its maximum file size and failed to update.

3.   Collaboration accelerates success.

Progressive CIOs say that aligning their priorities with those of CFOs and the C-suite is a priority. "I think being a CIO is really about business alignment," says Ipsen's Janeczko. "It's about collaboration with key stakeholders and business partners. By doing this, we mitigate a lot of risks: we know what we're investing in, what our roadmap is, and where we need to invest as a priority."

When it comes to enterprise finance transformation, misalignment between IT and the finance function can have serious financial implications. Progressive CIOs recognize this: 83% agree that "we will miss our growth targets unless the IT and finance functions work more closely," compared with only 67% of the total sample.

Progressive CIOs see working in close alignment with the finance function, the C-suite, and others as a core part of their role: 81% say they find it easy to work with C-suite executives, compared with 55% of the wider sample. And 63% say they find it easy to work with the finance function, which is 12 percentage points more than the wider sample. Lastly, there is some indication that being a Progressive CIO is not an intrinsic quality, but something that depends on the culture of the C-suite. As many as 92% of Progressive CIOs say that "senior leadership is encouraging us to be more collaborative with finance," compared with only 70% of respondents overall.

A key focus is pushing innovation across the business, not just in terms of new technologies but also in terms of mindset: 88% of Progressive CIOs say they would like to spend more time educating the organization about this, compared with just 69% from the wider sample. Progressive CIOs also prioritize working with other departments on digital innovation projects: 90% say they would like to do more of this, compared with just 70% of the respondents as a whole.

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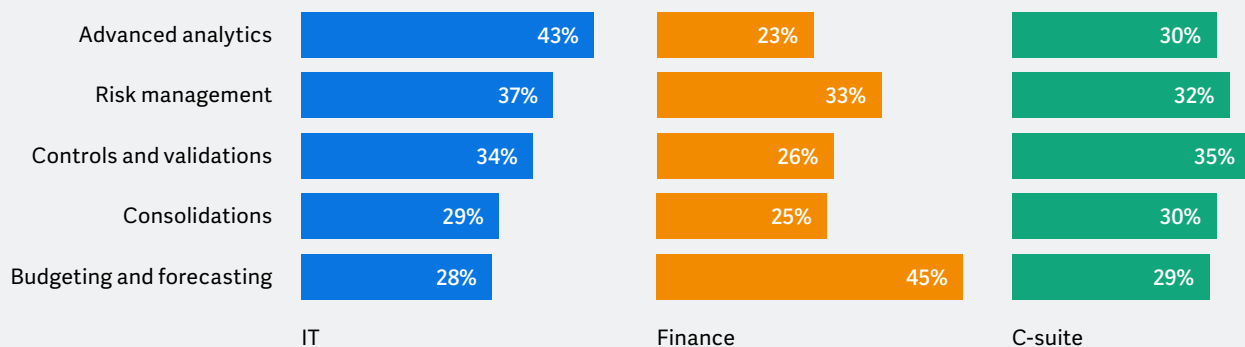
Jerzy Janeczko
Senior Vice President and CIO, Ipsen

Lastly, Progressive CIOs understand that they must communicate the advantages of technology transformation during the implementation stage to keep all stakeholders supportive, says Alexandra Fürst, executive vice president of IT and Digitalization, and COO Nordic at Dustin Group. "In all major transformation projects, you get bumps in the road," Fürst says. "But when you have a strong commitment from sponsors or leadership teams, you solve those bumps. Being able to articulate that rationale—the why—is key."

For CIOs and IT leaders, a key skill is choosing the right details to make the case as part of an ongoing reinforcement process: why does the technology transformation remain necessary and valuable? ANZ Bank's Florian says there is value in collecting those details from the technologists themselves: "I've got a lot of very strong technologists on my team, so I rely on them to get into the detail around [the new] systems for finance or the Google Cloud platform, or whatever it might be, so I can bring all that together in a story that the executives and the board are very supportive of."

However, our survey finds that there is work to do to align priorities between different functions. For example, when CIOs were asked about their priorities for system upgrades and what they felt their colleagues across the business prioritized, 45% felt that budgeting and forecasting capabilities were a primary focus of the finance function. By contrast, only 23% of CIOs felt that finance shared IT's prioritization of advanced analytics. Progressive CIOs see managing these divergences as a core part of their job.

CIOs see different priorities across the business when it comes to finance technology modernization.

	IT	Finance	C-suite
Advanced analytics	43%	23%	30%
Risk management	37%	33%	32%
Controls and validations	34%	26%	35%
Consolidations	29%	25%	30%
Budgeting and forecasting	28%	45%	29%

Q. Which of the following finance systems do these lines of business most want to upgrade or change in some way?

4. Progressive CIOs take an agile, incremental approach.

An agile, incremental approach offers common ground on which eager tech teams and finance functions, which may be more risk averse, can work in alignment, balancing the need to keep the business running smoothly with the demands of modernizing core systems.

Flexibility will be key, says ANZ Bank's Florian. "We don't ignore the future, but we don't think you can plan it to within an inch of your life. You need to be quite adaptable in your approach. For example, if you think of something like an ERP, the question is: how do you think about building blocks that can work in concert with each other?"

When projects are too fixed in terms of outcomes, timescale, and structure, they can end up disrupting business as usual or, conversely, stalling completely. To avoid this, Progressive CIOs approach upgrades incrementally.

"In 2017, we made a decision to move to a more agile way of working," says Florian. "That meant having cross-functional teams, where you can't really tell who's 'business' and who's 'technology,' because they're working together. So whereas in the past you would put up a request for a mega project, it would cost tens of millions of dollars and you either got it or you didn't, now there's more of an appetite to say: 'Let's treat it like venture capital and get started. If it shows value, we'll keep it going. And if it doesn't, we can all agree it's time to stop.'"

The need to deploy systems that scale and are adaptable also informs Progressive CIOs' technology choices. They are more likely than respondents overall (54% compared with 37%) to incrementally deploy capabilities in the context of an end-to-end cloud strategy to modernize their firm's ERPs. Correspondingly, they are significantly less likely to surround a single legacy ERP system with native cloud applications.

Progressive CIOs are deploying an end-to-end cloud strategy approach to ERP modernization.

Legend: Progressive CIOs (orange), All CIOs (blue)

Approach	Progressive CIOs	All CIOs
Adopt end-to-end cloud strategy to create a continually modern enterprise management environment	54%	37%
Lift and shift existing ERP system onto a public cloud platform or private cloud	21%	21%
Deconstruct legacy ERP system and evolve toward a portfolio of best-of-breed cloud for certain functions, such as finance	17%	24%
Surround monolithic legacy ERP system with native cloud applications	8%	17%
No plans to modernize ERP	0%	2%

Q. Which of these approaches most closely aligns with your ERP transformation strategy?

Conclusion

One of the most encouraging takeaways from this research is that Progressive CIOs do not rely on having the most advanced technology or the biggest budget. Instead, their approach can be adopted by any tech leader (or, for that matter, any leader in any function) because it is built on a mindset and a considered set of priorities.

These can be summarized in a number of key learnings that support an aspirational approach to enterprise finance transformation:

Mindset

A progressive attitude is more important than any specific technological upgrade program, and can shape the business strategy and internal partnerships that underpin successful transformation.

Agility

The capacity to plan and implement in an agile way is essential, with incremental enhancements that consider the everyday needs of the business while making meaningful improvements to the system.

Collaboration

Enterprise finance transformation is a team sport. The CIO or transformation leader needs to keep all stakeholders informed, on board, and motivated. A strong partnership between the CIO and CFO is especially important for addressing challenges as they arise.

The most effective CIOs are strategic, data-led, and collaborative, and they think about innovation not just narrowly in terms of technology and functions, but also widely in terms of what customers and stakeholders are likely to want in the future. They also have an eye on which developments in other sectors might disrupt the sector in which they are currently operating.

Our research has painted a picture of the CIO that many aspire to be: an IT leader who is ready to meet the challenges of the post-pandemic landscape.
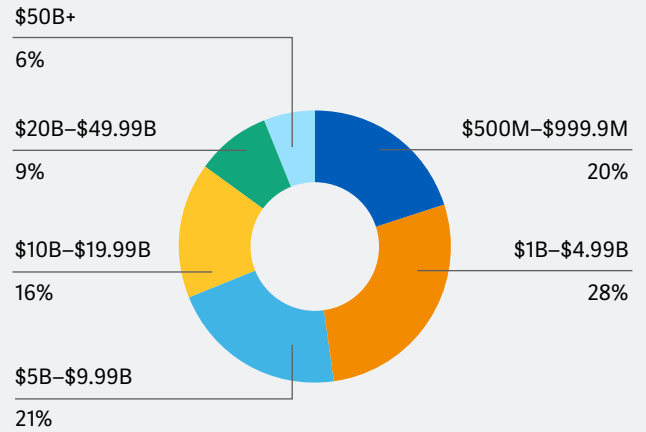
About the Research

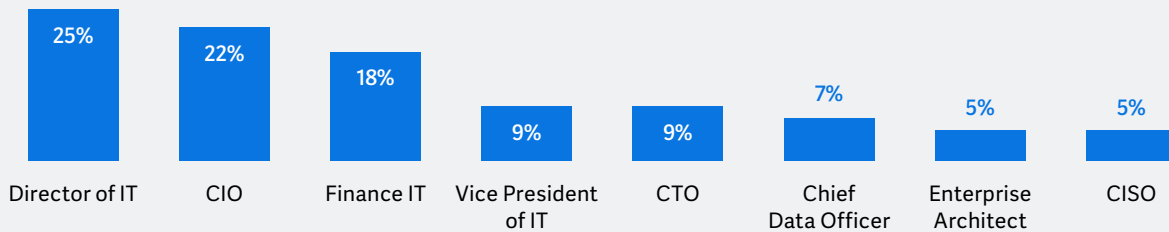A breakdown of the 603 survey respondents.
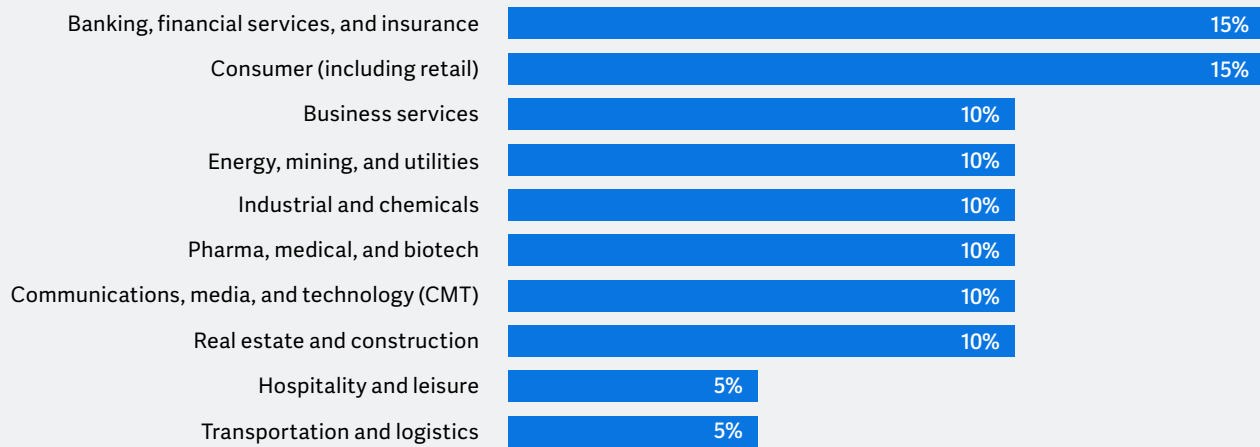
Survey respondents by region.

North America
Canada 8%
USA 32%

EMEA
Denmark 2%
Finland 2%
France 6%
Germany 6%
Italy 6%
Netherlands 3%
Norway 2%
South Africa 3%
Spain 6%
Sweden 2%
UK 17%

APAC
Australia 3%
New Zealand 2%
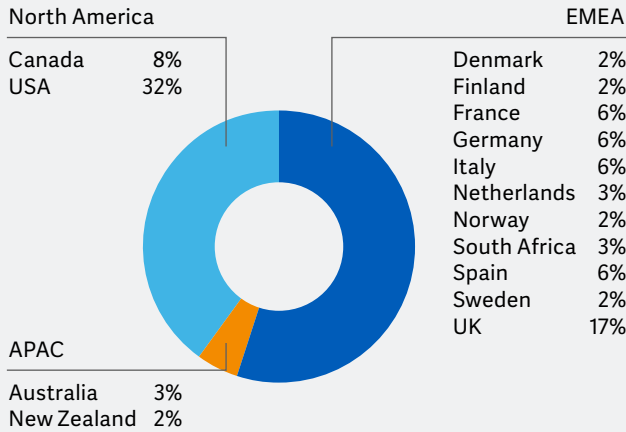
Survey respondents by revenue size.

$50B+ 6%
$20B–$49.99B 9%
$10B–$19.99B 16%
$5B–$9.99B 21%
$500M–$999.9M 20%
$1B–$4.99B 28%

Survey respondents by function.

Director of IT	CIO	Finance IT	Vice President of IT	CTO	Chief Data Officer	Enterprise Architect	CISO
25%	22%	18%	9%	9%	7%	5%	5%

Survey respondents by sector.

Sector	%
Banking, financial services, and insurance	15%
Consumer (including retail)	15%
Business services	10%
Energy, mining, and utilities	10%
Industrial and chemicals	10%
Pharma, medical, and biotech	10%
Communications, media, and technology (CMT)	10%
Real estate and construction	10%
Hospitality and leisure	5%
Transportation and logistics	5%

About Deloitte's Workday Alliance

For over a decade, the global Deloitte Workday Alliance practice has worked to create agile, sustainable organizations through innovation and collaboration. As one of the largest global providers of Workday services, Deloitte works with our clients to harness the value of Workday technology to drive top-line growth, create efficiencies, and deliver an enhanced employee experience.

Leveraging our industry, human capital, and finance management insights, we go beyond system implementation to deliver end-to-end, high-value, high-touch services for companies seeking true cloud-enabled business transformation. We exist to fuel the future of work and deliver talent and finance capabilities in a digital world. Our goal is to achieve greater effectiveness and efficiency for our clients. This is how our team operates throughout the globe. We accelerate enterprise digital transformation in human capital, finance, planning, and analytics to increase productivity, enhance the employee experience, and provide insights to enable smarter and faster business decisions. Workday believes that an organization's greatest asset is its people. Combined with our technology experience and industry knowledge, our mission is to help transform businesses by not only building a single source of data, but also creating an unprecedented wealth of insight.

For more information, visit: **deloitte.com/workday**.

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For more information about Workday, visit **workday.com**.